



Herman Kiefer

Neighborhood Advisory Council / May 3, 2017
Joseph Walker Williams Recreation Center

MAY 3, 2017 NAC MEETING AGENDA

- 5:30-5:40 Introductions & General Announcements
- 5:40-5:45 Upcoming schedule of development activities
- 5:45-6:00 Review of Herman Kiefer Development's tax incentives
- 6:00-6:15 Review of Draft Community Benefits Matrix
- 6:15-6:30 Open Discussion
- 6:30-6:40 Closing - Next steps City Council Hearing April

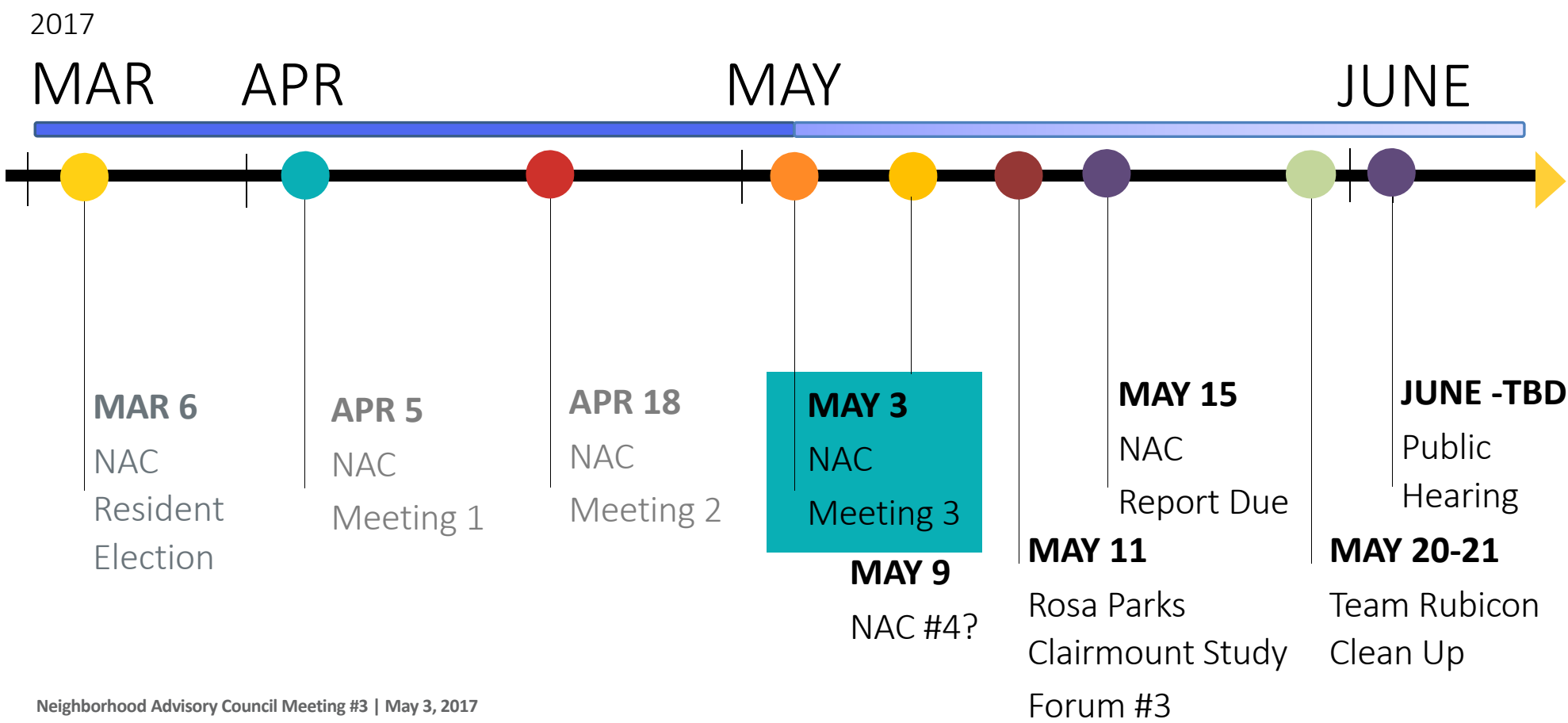
Next NAC Meeting: TBD

The Herman Kiefer Neighborhood Advisory Council

THE NAC CONSISTS OF 9 MEMBERS, SELECTED AS FOLLOWS:

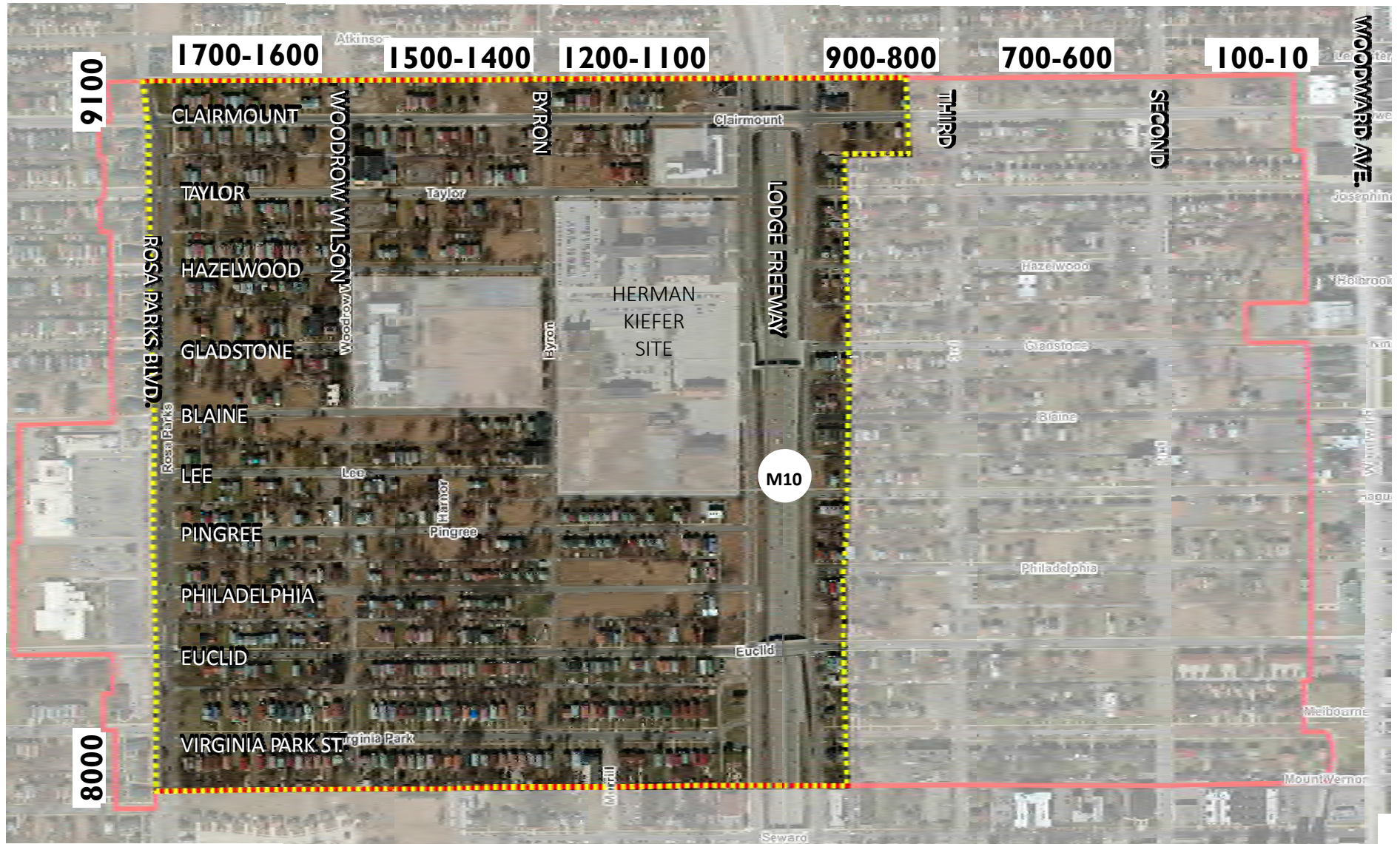
- **2 selected by residents** George Adams, Kathy Blake
- **4 selected by the City of Detroit Planning and Development Department** Renee Gunn, Lorenzo Jones, Raymond Thomas, Marquisha Booker
- **2 selected by the At-Large Council Members** Marquita Reese, Sharon Calmese
- **1 selected by the local District Council Member** (Council Member Sheffield) Dr. Armstrong

Neighborhood Advisory Council Schedule





Impact Area



Herman Kiefer Proposed Activity Timeline - 2017

April

- Brownfield + OPRA request
- Neighborhood board ups
- Local workforce building
- Hutchins secured

May

- Community meeting
- Team Rubicon Neighborhood cleanup + training

June

- Summer community event
- Brownfield & OPRA Approval - Council
- Closing

July

- Neighborhood board ups

August

- Community meeting

October

- Skate park opening

November

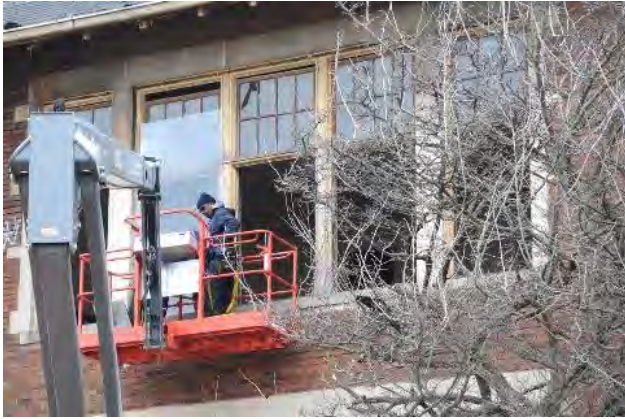
- Community meeting

December

- Hotel opening

Herman Kiefer Project Terms & Requirements

- \$925,000 acquisition price for HK site
- After closing of HK site (expected summer 2017), Developer required to:
 - Board all DLBA vacant homes and maintain all DLBA vacant lots in HK neighborhood;
 - Secure and activate HK site, invest a minimum of \$1 million per year in site during years 1-5 and \$2 million per year during years 6-8;
 - Invest at least \$20 million in HK site by year 5 or activate 35% of site;
 - Invest at least \$75 million in HK site by year 8 or activate 80% of site; and
 - Rehab vacant DLBA homes within 3 years and implement a land stewardship plan in coordination with the City in HK neighborhood
- 20% of rehabbed DLBA homes must be developed by or in partnership with community partners



Herman Kiefer Development

Tax Incentives

What is the DBRA?



The Detroit Brownfield Redevelopment Authority (DBRA)

- Is an authority providing financial incentives on behalf of the City to revitalize underdeveloped or under-utilized properties due to abandonment or environmental contamination
- Is governed by its 9 member Board of Directors.
- Board is assisted by its Community Advisory Committee (CAC)

The Detroit Economic Growth Corporation (DEGC)

- Provides the DBRA with staff assistance to implement the DBRA's project development plans within the City of Detroit



Michigan Public Act 381 of 1996



Public Act 381 allows the DBRA to use Tax Increment Financing (TIF) capture to reimburse for both environmental and non environmental eligible activities conducted on an eligible property as part of an approved Brownfield redevelopment plan.

Odd Fellows Hall Before



Odd Fellows Hall After



Eligible Property



In order for property to be included in a **Brownfield plan**, the property must qualify as one of the following:

- **Contaminated:** defined as a “facility” per Part 201 of NREPA.
- **Blighted:** the property is a public nuisance, an attractive nuisance to children, a fire hazard, has had utilities permanently disconnected, is tax reverted, is under control of a land bank, or has subsurface debris on site, as determined by City Council.
- **Functionally Obsolete:** the property cannot be used adequately to perform the function for which it was intended to, as designated by a Level III or Level IV Assessor.
- **Historic Resource:** a historic building or structure located within a historic district designated by the national register of historic places, the state register of historic sites or a local unit.
- **Targeted Redevelopment Area (TRA):** not less than 40 and not more than 500 contiguous parcels as approved by City Council resolution and by the Michigan Strategic Fund, not more than two TRA’s approved annually in each qualified local governmental unit, no more than five approved annually statewide.

The Ellington



Non Environmental Eligible Activities



Michigan Strategic Fund (MSF) eligible activities that qualify for reimbursement include:

- **Demolition:** whole or partial building, interior and site demolition.
- **Lead and Asbestos Abatement:** including the cost of a Lead or Asbestos Study.
- **Infrastructure Improvements:** generally must be publically owned and/or operated such as roads, sidewalks, curbs, gutters and water, storm and sanitary mains. Also includes underground and multi-level parking and low-impact design urban storm water management systems, whether they are publically or *privately* owned and operated.
- **Site Preparation:** includes geotechnical engineering, temporary site control, excavation of unstable materials, and relocation of active utilities.
- **Additional Activities:** interest on eligible activity expenses, Brownfield plan and work plan or combined Brownfield/work plan expenses.

3408 Woodward



Environmental Eligible Activities



Michigan Department of Environmental Quality (MDEQ) eligible activities that qualify for reimbursement include:

- **Phase I and Phase II Environmental Site Assessments**
- **Baseline Environmental Site Assessment**
- **Due Care Activities**
- **Additional Response Activities**
- **Additional Activities:** interest on eligible activity expenses, Brownfield plan and work plan or combined Brownfield/work plan expenses.

Studio One Apartments



How Does TIF Work?



Tax Increment Financing (TIF) is a tool that allows the DBRA to reimburse a developer for eligible activity costs as part of an approved Brownfield redevelopment plan. TIF works by capturing the taxes (less the debt millages) on the incremental increase of the taxable value of a property as a result of the improvements made to the property. The TIF capture is then reimbursed to the developer for actual eligible activity costs.

1001 Woodward



How is a Brownfield Plan Approved?



Brownfield plan approval steps include the following:

- Initial meeting with DBRA Staff to provide Brownfield plan details.
- Meet and/or consult with MSF Staff for Brownfield plans that include non environmental eligible activities and with MDEQ Staff for Brownfield plans that include environmental eligible activities.
- Submit and present the Brownfield plan to the DBRA Board of Directors and the DBRA Community Advisory Committee (DBRA-CAC).
- Public hearing in the Brownfield plan location.
- Present results of the DBRA-CAC meeting and the local public hearing to the DBRA Board of Directors. DBRA Board vote to send the Brownfield plan to Detroit City Council.
- Public hearing at the Detroit City Council Planning and Economic Development Standing Committee.
- Detroit City Council Brownfield plan approval.
- MSF work plan approval for school TIF capture on non environmental eligible activities.
- MDEQ work plan approval for school TIF capture on environmental eligible activities.
- PA 381 allows for a separate Brownfield plan and work plan approval **or** a combined Brownfield plan (and work plan) approval.

Broderick Tower



Obsolete Property Rehabilitation Act

PA 146 of 2000 as amended

Provides a reduction in the amount of property taxes that a developer will pay on commercial and commercial housing properties that are being rehabilitated. **Properties must meet eligibility requirements including a statement of obsolescence by the local assessor.**

Benefit	Pre-improved taxable value is frozen. Owner pays full amount of taxes on frozen value. Improvements are taxed at a reduced rate of 24 mills (school millages)
Duration	Up to 12 years
Abatement Agreement	Requires an Abatement Agreement between the City of Detroit and the developer.
Project and Operation and Commencement Requirements	Construction must be completed within two years of receiving the Obsolete Property Rehabilitation Certificate (District approval not included in construction timeline).
Revocation Provision	The Agreement allows the city to revoke the abatement certificate if the owner fails to complete the rehabilitation in the allotted timeframe.



Discussion

Concerns and Strategies

Herman Kiefer Benefits Summary

Hiring and Employment

Community Concern	Response
Will there be employment opportunities for local residents associated with building the skate park, boarding homes, and other aspects of the development project?	Yes, by focusing on commercial development, the development plan is focused on creating as many job opportunities in the neighborhood as possible. In the Development Agreement, the Developer is obligated to work with the City to create job opportunities for local residents, both including construction jobs for projects like the skate park, as well as permanent jobs associated with tenants that will be brought on site. The Developer is also obligated to abide by the City's Executive Orders that promote job opportunities for Detroit residents and contractors.

Herman Kiefer Benefits Summary

Activation & Stabilization of Vacant Properties

Community Concern	Response
<p>Why was a skatepark chosen as the first project? What about other uses that the community would like to see on site (community theater, flag football, etc.)</p>	<p>The Developer is obligated by the Development Agreement to begin activating the site immediately upon closing and bringing buildings back into use throughout the term of the project. The skate park is a temporary use that will help activate the now vacant and stripped Hutchins school building. It is being done in collaboration with a successful local community organization already operating in Detroit. In addition to this, the Developer would like to activate the Hutchins school site and the rest of the buildings with additional uses like those proposed by the community. The Developer will be looking for other operating partners and potential tenants interested in the site to help fulfill their activation obligations and plans to use the community engagement process to generate more ideas for programming from neighborhood residents.</p>

Herman Kiefer Benefits Summary

Activation & Stabilization of Vacant Properties

Community Concern	Response
Will the project help promote neighborhood stabilization and are there any resources available for current residents?	The Developer is obligated to board up vacant DLBA homes and clear vacant DLBA lots in the neighborhood once the deal closes. The Developer will create a neighborhood land stewardship and housing rehabilitation strategy in coordination with PDD and HRD. The Developer is also working with a non-profit group, Team Rubicon to provide some assistance for private homeowners in the neighborhood that need help with their homes. The City will be working with the Developer to leverage the existing 0% Home Loan Program, foreclosure prevention resources, and other assistance programs to support current residents.

Herman Kiefer Benefits Summary

Activation & Stabilization of Vacant Properties

Community Concern	Response
<p>Will the project impact opportunities for local residents to purchase property in the area?</p>	<p>To promote local ownership, the City and DLBA are encouraging all local residents to purchase their side lots, the lots directly adjacent to the home they occupy, and will continue to make these lots available during the planning process.</p> <p>To promote neighborhood stabilization and revitalization, instead of selling individual homes or vacant land in the area, the City and DLBA are working with the community and the Developer to create a holistic housing revitalization and vacant land stewardship plan. Under an option agreement with the DLBA, the Developer is obligated to board-up and secure the vacant DLBA homes in the neighborhood and maintain the vacant lots and will be responsible for implementing the housing and land stewardship plans. Under the option agreement, at least 20% of the homes rehabbed must be done by or in partnership with a community partner.</p> <p>Developing the vacant land stewardship plan will also help the City and DLBA create parameters related to any potential land sales and responsibilities for property maintenance. This will ensure that land sale decisions are transparent and fair for all residents and that the land can be used to promote the public good and neighborhood goals: open and recreational space accessible to all, the reintroduction of needed housing and commercial amenities, green stormwater infrastructure, etc.</p>

Herman Kiefer Benefits Summary

Communication & Information

Community Concern	Response
How will the community be informed of the details of the different legal agreements related to the project?	The development agreement associated with the project has been distributed to the NAC. Project details, including the list of properties associated with the development agreement, are included in the document.

Herman Kiefer Benefits Summary

Quality of Life

Community Concern	Response
Will housing in the neighborhood remain affordable. Will there be public housing, tax credit housing, or rent-to-own programs?	The Developer will be working with HRD to create a holistic housing rehabilitation strategy for the neighborhood. All parties involved are dedicated to making sure that housing options for a range of incomes will be available in the neighborhood and that the planning initiatives support and are beneficial to current residents. More planning needs to take place to determine if public housing specifically or support through tax credits will be used to rehabilitate vacant homes. However, 20% of the homes rehabilitated in the neighborhood must be developed by or in partnership with a community partner. The Developer is also specifically exploring how programs that use rent-to-own models might be utilized in the neighborhood to help retain current residents and create affordable housing opportunities.

Herman Kiefer Benefits Summary

Quality of Life

Community Concern	Response
<p>How will the development be protected? Will the dump site behind Hutchins be cleaned up? Will the alleys be cleaned to deter criminals?</p>	<p>Once the deal closes, the Developer will be obligated to take over security of the Herman Kiefer site and to expand security to the Hutchins and Crosman school buildings. They will also be obligated to clean and clear any trash and debris along with activating the site with programming and events.</p> <p>Within 90 days of closing the Developer is obligated to board and secure all of the vacant homes owned by the DLBA and maintain all the vacant DLBA-owned lots in the neighborhood.</p>

Herman Kiefer Benefits Summary

Quality of Life

Community Concern	Response
As a property owner, how much more am I going to have to pay in taxes?	Due to state law, property taxes for current residents are capped at the lower of either 5% or the rate of inflation. (The Headlee Amendment and Proposal A)

Herman Kiefer Benefits Summary

Quality of Life

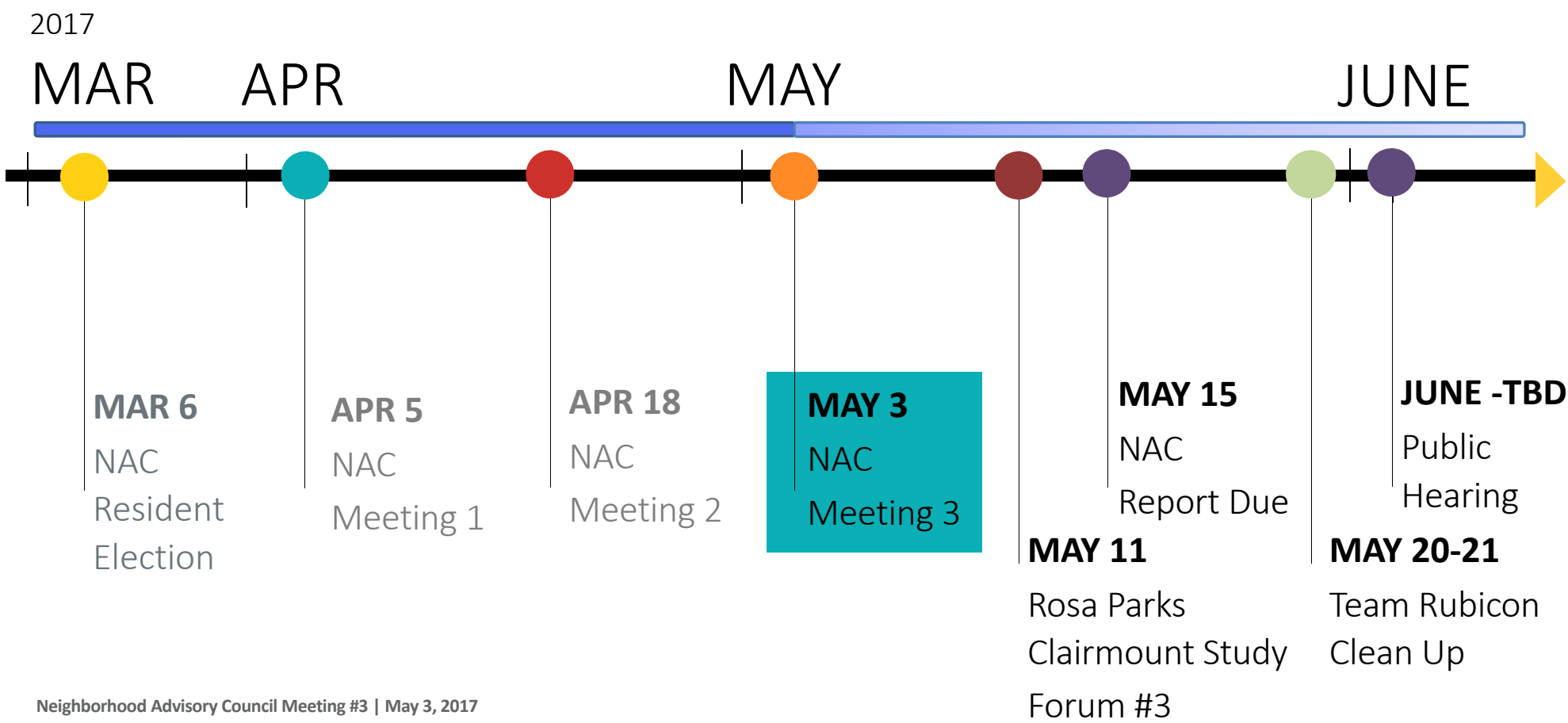
Community Concern	Response
Can there be some incentive for landlords that are in the area so that they don't have to raise their rents? Can they also get incentives for their properties?	The City currently has the 0% home loan program that is available to homeowners. Both the City and Developer are interested in better understanding the challenges current homeowners in the neighborhood are facing and how current resources can be best leveraged to address these challenges.



Schedule

Looking Ahead

Neighborhood Advisory Council Schedule





COME JOIN US!

The City of Detroit has launched planning efforts for residents in the Rosa Parks Clairmount area: Herman Klefer, Piety Hill, and Virginia Park. We are identifying investments, improvements, and priority projects that we can mobilize towards construction to strengthen the area's identity and vibrancy.

We want to hear from you about opportunities for vacant lot revitalization, neighborhood identity and branding, development, housing, commercial corridors, historic buildings, streetscapes and landscapes.

The City invites you to help develop community priorities and identify neighborhood



**Thursday
May 11, 2017**
5:30pm - 7:30pm
Light refreshments will be provided.

Joseph Walker Williams Center
8431 Rosa Parks Blvd
Detroit, MI 48206



Do you have a great story about the Rosa Parks/ Clairmount Community?

We'd like to hear about your hopes and/or vision for your neighborhood and what is most important to you about its future.
Up to four residents or business owners will be selected to tell a 5-minute story on May 11, 2017 as part of the Rosa Parks/ Clairmount Community Forum.
Visit RPCstories.com or complete the flier available at the Joseph Walker Williams Community Center Studio Space (2nd floor - across from Room 204).

Mark your Calendar!

Community Forum #3

May 11, 2017



Thank you!